



To: Real Estate Department Partners
From: Real Estate Department
Date: May 28, 2021
Re: **Development Fund Interest Rate**

Notice: RED-21-30

IHCDA has updated its Development Fund interest rate policy. Rather than starting at 3%, the interest rate will now be a fixed rate starting at prime rate minus 200 basis points, not to exceed 3% but not less than 1%. As of the date of this notice, this equates to an interest rate of 1.25%.

This interest rate policy will be applied as follows:

- This policy supersedes Schedule J of the 2022 QAP. Any 4% or 9% RHTC application submitted after the date of this notice that requests Development Fund is subject to this new interest rate policy.
- All HOME rental applications in the PY 2020 HOME competitive round (submitted in May 2021) that requested Development Fund as gap financing will be subject to this new interest rate policy.
- Development Fund awards that have already been approved by IHCDA's Board of Directors, but that have not closed on their financing, may request a modification to follow this interest rate policy. Please contact Jerri Bain, Director of Real Estate Lending at jbain@ihcda.in.gov to discuss a modification request.



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